MENTRONICS SYSTEMS CORPORATION

THE TIMEOUT PROJECT

BUSINESS PLAN

NOTES

- The Corporation at present is a contractual subsidiary of Interstate Industries, Inc. To fulfill the Project, a new staff and Corporate Headquarters will be installed at a location best suited from an economic and jurisdictional viewpoint.

- A consistent public relations campaign will commence at the earliest opportunity, to establish the TIMEOUT brand name.

- The R & D program will go forward immediately to complete prototypes for the TIC-1, SP-1M and SE-1.

- Negotiations for suitable manufacturers of the product line will be completed early in the First Year.

- The first units to be offered will be the SE-1 and the TIC-1, as these are the lowest priced and most in demand. They will be followed soon after by the SP-1 and SP-1M.

- All media advertising will be utilized, including telemarketing.

OPERATIONAL SCHEDULE

FIRST YEAR

1. Establish Base Headquarters

2. Organize Management and staff

3. Execute detailed Business Plan

4. Research & Development, Prototypes

SP-1M. TIC-1, SE-1

5. Begin Public Relations program

6. Contract Manufacturers

7. Produce Inventory

   10,000 SP-1

    5,000 SP-1M

   50,000 TIC-1

   50,000 SE-1

8. Execute Marketing, Sales & Distribution Programs.

SECOND YEAR

1. Expand Public Relations Program

2. Broaden media advertising

3. Develop overseas markets

4. Inventory Production

   40,000 SP-1

   40,000 SP-1M
  200,000 TIC-1

  400,000 SE-1

5. Research & Development, Prototypes

   SP-2

   SE-2

   TALK MODULES,(10)

THIRD YEAR

1. Expand overseas markets.

2. Inventory Production:

   80,000 SP-1

   90,000 SP-1M

400,000 TIC-1

800,000 SE-1

100,000 SP-2

600,000 SE-2

300,000 SP-2 TALK MODULES

3. Research & Development, Prototypes:

SM-1

SM-1R

FOURTH YEAR

1. Inventory Production

100,000 SP-1

150,000 SP-1M

500,000 TIC-1

900,000 SE-1

600,000 SP-2 MODULES

100,000 SM-1

50,000 SM-1R

FIFTH YEAR

1 Inventory Production

120,000 SP-1

180,000 SP-1M

600,000 TIC-1

1,200,000 SE-1

300,000 SP-2

1,400,000 SE-2

2,200,000 SP-2 MODULES

400,000 SM-1

100,000 SM-1R

THE PRINCIPALS

THE MONROE INSTITUTE

It is a non-profit educational and research corporation with full 501-C3 IRS status, composed of two Divisions:

The Educational Division: Here, methods and techniques of learning through use of many forms of consciousness are presented to interested persons both in the United States and abroad. This is achieved in two ways:

1. Audio cassette tapes. The most successful is the GATEWAY EXPERIENCE, an in-home learning system composed of six sequential Waves of Change albums, each containing six different exercises on audio cassette. Secondary systems include the EMERGENCY SERIES for surgery, injury and illness, and STROKE RECOVERY to help such victims learn to reach again a normal mental and physical ability.

2. Learning seminars. The best known of these is the GATEWAY PROGRAM, a week-long system of intensive training in achieving various states of consciousness. For the past 11 years, most such sessions have been conducted at the Institute headquarters in Virginia. Others are held periodically in other parts of the country and in England and Germany. Another program held solely in Virginia is GUIDELINES, an advance training in self-exploration for Gateway Graduates.

3. The Support Group.

Institute Members. This represents those who pay an annual membership fee for the privilege of receiving quarterly Institute publications and audio tapes. They currently number a total of some 2,000 persons.

Participants/customers. These number in excess of 100,000 who have attended Institute Programs and satisfied users of Institute processes on audio tape.

The Research Division: This has a Professional Membership of 200, who utilize Institute learning methods in both private and clinical practice. Heart of the Division is the research laboratory, where continuous effort and studies have produced the audio enhancement processes now used widely in the Institute learning methods.

The Institute in its entirety has been performing in the above activities for the past 15 years.

## THE CORPORATE BASE

Interstate Industries, Inc. originally was formed in the State of New York in 1949 under the name of RAM Enterprises, Inc. The principal business of the firm at that time was the production of network radio programs. In the early 1950's, the Corporation was producing as many as twenty-eight programs monthly, principally in dramatic and popular quiz shows.

In 1956, the Corporation set up a Research and Development Division to study the effects of various sound patterns upon human consciousness, including the sleep state. As professionals in the field of audio production, this was a natural application of the many methods and techniques developed by the Corporation in its commercial activity. The purpose was to find more constructive use of such knowledge than that ordinarily available. The results of such effort have become known Internationally through the intervening years.

In 1962, the Company was legally domesticated in Virginia and the name was changed eventually to Interstate Industries, Inc. In this location, it became active in radio station ownership, cable television, and later in the production and sale of audio tape cassettes. Such audio cassettes were practical expressions of the discoveries made in the earlier and ongoing Corporate research program.

As early as 1975, Corporation conducted a study among forty-five insomniacs using the techniques they had developed at that time. After an one-month test, forty of the subjects found the Hemi-Sync sound process at least as effective as the medication they had been using. The remaining five found it less effective. Since that time, The Corporation has distributed world-wide thousands of audio tapes that induce various sleep states, all with very little public promotion or advertising.

With the divesture of the research subsidiary, identified as the Monroe Institute, into a separate non-profit organization in 1985, the Corporation remained a privately-held Company. Interstate Industries, Inc. in addition to its own activities, acts as the commercial agent for the Institute.

### International Training and Communications Center.

A high-security conference facility in a pastoral setting located in the foothills of Virginia's Blue Ridge. With the capacity to house and feed twenty five persons, it has

serviced not only the Monroe Institute but the General Electric Corporation, the Whole Brain Corporation, the Army Intelligence Command, the Army Science Board and others. Currently, it has been contracted for week-long bookings forty one weeks out of the year.

The main Center building contains sleeping quarters, two dining halls, large exercise room, massage room, and two conference lounges. There are complete kitchen facilities to serve both staff and participants. A roof deck offers a wide vista of foothills and mountains. The entire building is wired to provide various forms of educational sound to each sleeping unit, originating in a modern electronic control room.

A second building, David Francis Hall, features a lecture hall that seats 120, with a control center and projection room that utilizes the latest in audio visual technology. The upper floor offers four rooms for group study and individual counseling plus general office space.

Also located at the Center is a research laboratory where continuing tests and studies in the effects of sound on human consciousness are conducted daily. Over 2,000 such individual tests have been held during the past decade. The most active current tool for measurement is a 20 channel EEG brain wave computer/recorder, which maps and analyzes the effects of various sound patterns on the human

## INSTITUTE AND CORPORATE PERSONNEL

The Principals and Associates of the Corporation and the Monroe Institute are:

Robert Allan Monroe. Founder and President of the Corporation, Mr. Monroe entered radio broadcasting soon after graduation from Ohio State University. After World War II in New York, he opened his own program production organization of which the Corporation was a part. He also served as Vice President and on the Board of Directors of the Mutual Broadcasting System Network. He is listed in Who's Who in America in the 1950's.

In Virginia, he became the owner and operator of commercial radio broadcasting stations and cable television systems in both Virginia and North Carolina, and continued the evolutionary studies in sound, including the practical use and application of such discoveries. In 1977, he sold his broadcasting and cable TV interests to devote his time fully to the growing pattern of sound-consciousness which he had subsidized for over 20 years.

Mr. Monroe is also the author of two books which have

been published in eight languages world-wide, and is the composer of dramatic musical scores, many of which have been released on audio cassette.

Ronald Harris. Business Manager for the Corporation. Prior to joining the organization, Mr. Harris had a management career in both retail product and service companies in the Southeast.

David Wallis, Project Engineer. Mr. Wallis has been associated with the Corporation and the Institute for the past seven years, operating principally in the research and technical development phases of the organization. Previously, he was Senior Systems Design Engineer for the Lockheed Aircraft Corporation.

Darlene Miller, PHD, resident psychologist for both training seminars and research projects at the Institute Center during the past five years. Previously, she was Director of the Lookout Mountain School for violent offenders, Golden, Colorado.

Rita Warren, PHD, resident psychologist engaged in the monitoring of effects of sound patterns upon various subject personalities during current research studies. Prior to joining the organization, she was Professor of Psychology in the Graduate School of Criminal Justice, New York University.

F. Holmes Atwater, resident coordinator in electro-encephlegraphic mapping and monitoring. Prior to his joining the organization, Mr. Atwater was section officer in charge of psychological testing of special subjects in the U.S. Army.

Dean Lusted, MD, associate researcher, lecturer and teacher, former professor and research supervisor at M.I.T., Yale, and other institutions.

Constance Townsend, MD, associate physician in the study and analysis of physiological effects of Company-developed sound patterns upon laboratory subjects in current research programs. She is also Assistant Professor, Faculty of Medicine, University of Toronto.

Susanne Morris,PHD, resident psychologist in the study of Company Hemi-Sync sound patterns upon normal and disadvantaged children. Prior to her joining the organization, she was speech and language pathologist at the University of Wisconsin Hospital and Clinics, Madison, Wisconsin.

Arthur Gladman, MD, associate psychiatrist with the organization, formerly Chairman of the Board of Gladman Memorial Hospital, Oakland, California.

Larry Lambertson,MD, associate psychiatrist with the organization, chief psychiatrist for the Southern Virginia Mental Health Service, South Hill, Virginia.

Fowler Jones,PHD, associate psychologist with the organization, Professor of Psychology at the University of Kansas Medical Center, Kansas City, Kan.

Gregory Carroll,PHD, associate psychologist with the organization, Professor of Music at the University of North Carolina, Greensboro, NC.

James Beale, associate with the organization, research engineer with the space development program, Martin-Marietta Corporation, New Orleans, Louisiana.

Albert Dahlburg,MD, associate physician with the organization, Professor of Medicine, Brown University, Pawtucket, Rhode Island.

Ronald Russell,PHD, associate with the organization, former Professor at the University of Cambridge, England.

Stanley Townsend,PHD, associate with the organization, Adjunct Professor at York University Center for Research, Toronto.

Glenn Pearce,PHD, associate with the organization, and Professor of Philosophy at the University of Western Ontario.

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